

立法會
Legislative Council

LC Paper No. CB(2)2072/16-17
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

Minutes of meeting
held on Monday, 12 June 2017, at 9:30 am
in Conference Room 1 of the Legislative Council Complex

- Members present** : Hon SHIU Ka-chun (Chairman)
Hon KWONG Chun-yu (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon CHAN Hak-kan, BBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon LEUNG Kwok-hung
Hon Michael TIEN Puk-sun, BBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Dr Hon Fernando CHEUNG Chiu-hung
Hon POON Siu-ping, BBS, MH
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Dr Hon Junius HO Kwan-yiu, JP
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon HUI Chi-fung
Dr Hon LAU Siu-lai
- Members absent** : Hon CHAN Chi-chuen
Hon CHU Hoi-dick
Hon Nathan LAW Kwun-chung

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

**Public Officers : Item III
attending**

Mr Kenneth CHENG
Principal Assistant Secretary for Labour and Welfare
(Welfare) 1
Labour and Welfare Bureau

Ms Carol YIP, JP
Director of Social Welfare
Social Welfare Department

Mr LAM Ka-tai, JP
Deputy Director of Social Welfare (Services)
Social Welfare Department

Mr KOK Che-leung
Assistant Director (Subventions)
Social Welfare Department

Item IV

Mr Donald CHEN, JP
Deputy Secretary for Labour and Welfare (Welfare) 2
Labour and Welfare Bureau

Ms Eugenia CHUNG
Principal Assistant Secretary for Labour and Welfare
(Poverty)
Labour and Welfare Bureau

Mr Esmond LEE, JP
Head, Working Family and Student Financial
Assistance Agency

**Attendance
by invitation** : Item III

The Civic Party

Mr MAK Tsz-kin
District Developer of the New Territories East

Mr LEE Chi-yung

Community Care and Nursing Home Workers General
Union

鄭清發先生
秘書

Social Welfare Organizations Employees Union

Mr YAU Chi-hang
General Secretary

Miss Suki TSOI Yui-chi

Public-Funded Organization Unions Committee, Hong
Kong Confederation of Trade Unions

杜振豪先生
組織幹事

Mr Cliff CHOI

The Hong Kong Council of Social Service

Mr CHUA Hoi-wai
Chief Executive

Social Welfare Concern Group

Mr Eric CHAN Kei-fung
Convener

Clerk in attendance : Mr Colin CHUI
Chief Council Secretary (2) 4

Staff in attendance : Ms Catherina YU
Senior Council Secretary (2) 4

Mr Roger CHUNG
Council Secretary (2) 4

Miss Alison HUI
Legislative Assistant (2) 4

Action

I. Information paper(s) issued since the last meeting

Members noted that no paper had been issued since the last meeting.

II. Items for discussion at the next meeting

[LC Paper Nos. CB(2)1563/16-17(01) to (02)]

2. Members noted that the Administration had proposed to discuss at the next meeting scheduled for 10 July 2017 the following items:

- (a) Setting up residential care homes for the elderly in Tai Po and Fanling;
- (b) Elderly Services Programme Plan; and
- (c) Welfare support for grass-roots facing energy poverty.

The Chairman suggested that the Panel should also discuss "Review of services and policies relating to hostels for children" at the next Panel meeting. Members agreed.

III. Transparency of salary and cash allowance for senior management of social welfare organizations

[LC Paper Nos. CB(2)1563/16-17(03) and CB(2)1182/16-17(02)]

3. At the invitation of the Chairman, Director of Social Welfare ("DSW") briefed members on the disclosure of the remuneration and cash allowance of

the staff in the top three tiers of non-governmental social welfare organizations receiving Lump Sum Grant ("LSG") subventions.

4. The Chairman invited deputations/individuals to present their views. A total of nine deputations/individuals expressed their views which were summarized in the **Appendix**.

The Administration's response to deputations' views

5. In response to some deputations' concerns that the Social Welfare Department ("SWD") had amended some of the guidelines promulgated by the Administration Wing of the Chief Secretary for Administration's Office in 2003 ("the Guidelines"), DSW clarified that SWD had not made any amendment to the Guidelines. She said that not only non-governmental organizations ("NGOs") receiving LSG subventions but all bodies subvented by the Government were required to follow the Guidelines. The Guidelines aimed to strengthen the control and monitoring of the ranking, structure and remuneration of the top three tiers of management in subvented bodies and set out the arrangements for public disclosure of such information. Subvented bodies which were exempt from the Guidelines included organizations with top three-tier positions funded entirely by income from sources other than the Government and organizations receiving subventions of less than \$10 million a year or subventions not constituting more than 50% of their operating income. According to the Guidelines, all subvented bodies (save those exempt from the Guidelines) meeting the criteria should review the number, ranking and remuneration of their staff in the top three tiers and submit a Review Report on the Remuneration Packages for Staff in the Top Three Tiers ("the Review Report") every year to SWD ("the financial reporting requirements"). To enhance transparency, subvented bodies should also publicly disclose their Review Reports. In reviewing the Review Reports, SWD would study areas such as the functions of the management staff, the scale of operation of NGOs, the types of services, etc. SWD would seek further explanations from the NGOs concerned if there were significant changes in these areas as compared with their last Review Reports. SWD would take follow-up actions including meeting with the governing boards or management committees of the NGOs concerned, if necessary. Some Members of the Legislative Council ("LegCo") had requested the Administration Wing to step up NGOs' transparency and the matter would be followed up by the Administration.

6. Regarding some deputations' concerns about the low salary level of frontline staff of NGOs, DSW said that under the LSG Subvention System ("LSGSS"), NGOs had the autonomy to determine the pay structure and adjustments of salary. Some NGOs had stipulated their salary-related arrangements in the terms and conditions of employment agreements/contracts.

She further said that 14 consensus items under the Best Practice Manual ("BPM") had been implemented since 1 July 2014 and the item on staff remuneration and pay policy had not yet been included in BPM as consensus had not yet been reached by the Lump Sum Grant Steering Committee ("LSGSC") which comprised NGO senior management, NGO frontline staff, service users and independent members. LSGSC would continue to discuss this item with a view to incorporating it into BPM once consensus could be reached, thereby further enhancing the transparency of NGOs.

7. Regarding the suggestion of revising the Guidelines to require all NGOs to submit and make public their Review Reports, DSW said that the financial reporting requirements sought to strike a balance between the public's right to know and the autonomy of subvented bodies. The Administration did not consider it cost-effective to monitor small-scale subvented bodies or those receiving a relatively smaller amount of subventions from the Government. The Administration Wing and SWD would continue to discuss the subject matter with LegCo Members.

8. DSW further said that SWD had followed up with the NGOs which had paid allowances to their senior management staff. For many of these NGOs, allowances constituted a portion of salaries. Instead of adjusting salaries, some of these NGOs made adjustments to allowances. According to these NGOs, allowances such as night shift allowance, housing allowance, medical allowance, transport allowance, etc. would be paid to eligible staff. The provision of allowances was based on the human resource policies and discussions between the management and staff members of the NGOs concerned. Staff members were informed of the arrangements for allowance payments through different channels including the Intranet, internal circulars, staff meetings and employment agreements/contracts. The NGOs concerned had advised that the provision of allowances for their senior management staff had been approved by the governing boards.

9. In respect of the utilization of LSG reserve by NGOs, DSW said that under BPM, the governing boards of NGOs were required to discuss the utilization of the reserve at least once a year. Information about the utilization of the reserve in the past year and how the reserve would be used in the future should be made public. Utilization of the reserve by NGOs was one of the areas of concern of SWD and members of LSGSC would continue to discuss the matter.

10. In response to the enquiries of the Chairman and some deputations about whether NGOs were no longer required to observe the "no better than principle" (i.e. the terms and conditions of employment for staff in the subvented sector should not be better than those of civil servants at comparable ranks), DSW said

that the Guidelines had strengthened the control and monitoring of the ranking, structure and remuneration of the top three tiers of management in subvented bodies. To avoid micro-managing subvented bodies, the "no better than principle" had been removed for staff below the top three tiers and the LSG manual had been amended accordingly.

Discussion

Using subventions for bonus/allowance payments

11. Dr Fernando CHEUNG and Dr KWOK Ka-ki said that LSG subventions were public money and should be spent on helping the disadvantaged groups. NGOs should not be allowed to keep any reserve. Dr Fernando CHEUNG said that there was an increase in the overall manpower in the welfare sector because there was a substantial growth in service demand. It did not necessarily mean that individual NGOs had recruited sufficient employees to meet the service needs. Under LSGSS, NGOs were allowed to keep a maximum of 25% of their operating expenditure as reserve. The reserve of many NGOs had already exceeded the allowable level and these NGOs had to return the excessive reserve to the Administration. The total amount of reserve now stood at \$3 billion. In order to save up a larger sum for bonus or allowance payments, some NGOs had recruited fewer employees and lower the service standards, thereby depriving the interests of service users. As allowing NGOs to use the reserve for bonus or allowance payments had eroded the value of the social welfare sector, such bonus or allowance payments should be forbidden.

12. DSW responded that the provision of allowances for employees was subject to the pay policies of individual NGOs and the money spent on allowance payments did not necessarily come from the LSG reserve. While NGOs were required to use the LSG reserve for the intended services, they could also use it for enhancing service quality as well as staff training and development. According to the information obtained from NGOs, all NGOs had maintained their LSG reserve at similar levels in the past five years.

13. In response to Dr Fernando CHEUNG's enquiry about the number of NGOs which had provided bonus or allowance payments for their staff, DSW said that around 20 NGOs had provided cash allowances for their senior management staff. SWD had followed up with these NGOs and was advised that they had followed their human resource and pay policies in disbursing cash allowances. The disbursement had been discussed and approved by their governing boards or management committees. SWD had reminded NGOs that their employees should be informed of the relevant arrangements. SWD would continue discussing with NGOs issues relating to staff remuneration

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including transparency of such remuneration. At Dr Fernando CHEUNG's request, DSW undertook to provide information on the criteria of providing allowances and the amount of allowances paid to the various ranks of staff of these 20 NGOs.

14. The Deputy Chairman said that some NGOs had not fully deployed the subventions to salary adjustments for frontline staff as a large portion of the subventions had been used for bonus payments for their senior management staff. SWD should advocate the concept that frontline staff were the ones who delivered services to users and enabled service diversity and therefore deserved better remuneration. Given that SWD should monitor the use of subventions by NGOs, he asked whether SWD was aware of the problems of bonus payment before the matter was reported by the media. He also asked whether the NGOs concerned were required to return the excessive bonus payments to the Administration. DSW responded that the Administration agreed that NGOs should treat their frontline staff well and the pay levels and salary structure for NGO staff should be fair and transparent. Currently, the benchmark LSG for each NGO was set on the basis of the mid-point salaries of civil service pay scales for the NGO concerned and the practice of some NGOs to cap staff salaries at the mid-point of the corresponding civil service pay scales was not agreeable to SWD.

Enhancing transparency of non-governmental organizations receiving lump sum grant subventions

15. Dr LAU Siu-lai shared the concern of Dr Fernando CHEUNG and Dr KWOK Ka-ki about lowering service standards and recruiting fewer employees by NGOs to save money for bonus or allowance payments for their senior management staff. She opined that it was unreasonable to peg the salaries of senior management staff with the structure and scale of operation of the NGOs concerned. To ensure that service users would be provided with quality service, NGOs should not keep any reserve and all subventions should be used on enhancing service quality, improving the remuneration of and promoting upward mobility for frontline staff. She supported some deputations' suggestion that NGOs should also disclose information on the remuneration of their frontline staff.

16. DSW reiterated that the Administration had started discussion with some LegCo Members on enhancing the transparency of NGOs and the Guidelines not only applied to subvented social welfare organizations but also subvented bodies in other sectors. Imposing different financial reporting requirements on subvented social welfare organizations required further consideration. That said, members' views would be relayed to the Administration Wing for consideration. She further said that all subvented NGOs were required to meet

the standards and quality of services stipulated in the Funding and Service Agreements. These service standards and quality should not be affected by the keeping of reserves by NGOs. The Administration had conducted an independent and comprehensive review of LSGSS in 2008. During the review, views of the 165 NGOs receiving LSG subventions as well as service users were collected and over 160 submissions were received. The findings of the review had indicated that the implementation of LSGSS had enhanced the service quality and the satisfaction level of service users as NGOs had made improvements to enhance the diversity and flexibility of services. The Administration would continue its efforts in enhancing NGOs' transparency. Dr LAU Siu-lai took the view that there was no direct relation between a higher satisfaction level of service users and the implementation of LSGSS. The Chairman opined that the Administration had made very slow progress in improving LSGSS and implementing BPM.

17. Dr Junius HO said that according to report of the Survey on Pay Level and Allowances of Heads of Agencies ("the Survey Report") submitted by The Hong Kong Council of Social Service to the Panel (LC Paper No. CB(2)1592/16-17(03)), senior management staff of NGOs were not overpaid in most cases. It was however not the case according to some deputations. Taking the view that it might sometimes be necessary to pay senior management staff of NGOs handsomely so that their integrity could be better safeguarded, he said that it was also essential for NGOs to maintain service quality. He enquired about the number of NGOs which had not followed the remuneration requirement for staff in the top three tiers as stipulated in the Guidelines, how the Administration would rectify the problem and the penalty imposed on these NGOs. DSW responded that NGOs were required to explain and justify any changes over the period covered in the Review Reports. SWD would then assess its appropriateness by referring to comparable jobs in the civil service. According to SWD's findings, while the level of cash allowance paid to senior management staff of some NGOs might be high in a certain year because of their pay policies, remuneration for staff in the top three tiers of NGOs was in line with that for similar posts in the civil service except for one or two NGOs. SWD had taken follow-up actions and the governing boards of these NGOs would review their pay policies. An independent committee would investigate cases in which NGOs failed to adhere to BPM and such cases would be put to LSGSC for discussion, if necessary. SWD would take follow-up actions according to LSGSC's advice. Before the implementation of BPM, SWD had ceased providing subventions for an NGO which had serious problems in its corporate governance and service delivery.

18. The Deputy Chairman and Dr Pierre CHAN said that the crux of the concern was that public money was not spent on service users or frontline staff when the senior management of NGOs had the lion's share of subventions.

Dr Pierre CHAN worried that if NGOs' financial information was not transparent, the problem of using subventions improperly might deteriorate when more and more welfare services were subcontracted to subvented organizations. The call for NGOs to disclose their financial information was not an attempt to restrict their autonomy or flexibility but to enhance transparency and public accountability. Public disclosure of such information would make NGOs more prudent in utilizing the subvention. Given that NGOs were subvented with public money, SWD should be responsible for monitoring NGOs. He asked how many NGOs had not met the financial reporting requirement. DSW responded that all NGOs which were required to submit Review Reports had met the relevant requirement. SWD shared the view that enhancing transparency would facilitate better monitoring of NGOs and SWD had been working with the sector in enhancing transparency. In response to Dr Pierre CHAN's enquiry about the timetable on making the Review Reports of the relevant NGOs receiving LSG available for access by the public, DSW said that the process was expected to be completed by the end of June 2017.

Conducting a review of the Guidelines promulgated by the Administration Wing

19. Dr KWOK Ka-ki said that LSGSS had damaged the ecology of the social welfare sector and should therefore be abolished. Instead of improving the remuneration of frontline staff, some NGOs had exploited their staff by using the reserve for bonus payments to their senior management staff. Taking the view that all NGOs, regardless of the amount of subventions they had received from SWD, should disclose the amount of bonus/allowances paid to their senior management staff and make their financial reports public, he urged the Administration to amend the Guidelines swiftly.

20. In response to Mrs Regina IP's enquiry about whether the Guidelines covered all subvented bodies including universities, Hospital Authority and Hong Kong Trade Development Council which also received subventions from the Government, DSW said that some subvented bodies including universities were exempt from the Guidelines. Mrs Regina IP said that as the Guidelines were applicable to various types of subvented bodies, the Guidelines might not be able to cater for the needs of the welfare sector. Since SWD had the discretion in implementing the Guidelines, it should ask for a review of the Guidelines. DSW responded that SWD did not have discretion to decide whether or not to follow the financial reporting requirements in the Guidelines.

21. Noting that the Survey Report had made reference to the pay level and allowances of private organizations and given that the needs of service users and the degree of work complexity of social welfare organizations were very

different from those of private organizations, Mrs Regina IP said that different indicators for remuneration, staff provision and expenditure should be set according to the scale of operation and service targets of NGOs in the long run. SWD should discuss with social welfare organizations, particularly small-scale ones, and propose new sets of indicators for small-scale social welfare organizations. She requested the Administration to provide the Guidelines, information on subvented bodies which were exempt from the Guidelines and SWD's recommendations to the Administration Wing in relation to the Guidelines. DSW responded that NGOs were required to follow the Guidelines. The Administration had maintained a dialogue with the sector on the implementation of the Guidelines as well as human resources and governance policies. The Administration would keep in view the development and provide assistance for NGOs if necessary. DSW undertook to provide members with the Guidelines and information on subvented bodies which were exempt from the Guidelines.

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Establishing a pay scale for the welfare sector

22. Dr LAU Siu-lai said that the welfare sector had difficulties in recruiting frontline staff because the salary was not attractive. She urged the Administration to establish a pay scale for the welfare sector. Mr LEUNG Yiu-chung said that the education sector had adopted a pay mechanism and the welfare sector should follow suit as a pay mechanism would help minimize disputes and enhance transparency about remuneration. DSW responded that the spirit of LSGSS was to provide flexibility for NGOs in human resource and financial management. Establishing an implementation framework, including a pay mechanism, for NGOs by the Administration would defeat the intent of the subvention system and should therefore be studied carefully. Mr LEUNG Yiu-chung said that the flexibility of schools and institutions in human resource and financial management had not been undermined as a result of the adoption of the school-based pay mechanism. He requested the Administration to explain why a pay mechanism worked for the education sector but not the welfare sector. DSW responded that the nature of the education sector was very different from that of the welfare sector. The welfare sector had to respond to the changing needs of the community by timely adjusting the types and modes of services. To facilitate NGOs in arranging suitable staffing to meet the service needs, information on staffing establishment at various ranks and examples of notional staffing establishment for all types of new services had been uploaded onto SWD's website.

IV. Review of effectiveness of Low-income Working Family Allowance Scheme

[LC Paper Nos. CB(2)1563/16-17(04) to (05)]

23. At the invitation of the Chairman, Deputy Secretary for Labour and Welfare (Welfare)2 ("DS(W)2") briefed members on the implementation of the Low-income Working Family Allowance ("LIFA") Scheme and progress of the preparation for the comprehensive policy review of the LIFA Scheme.

Effectiveness of Low-income Working Family Allowance Scheme

24. The Chairman and the Deputy Chairman said that it was estimated that around 200 000 households would apply for LIFA but only around 32 000 households had done so. They enquired about the reasons for the low application rate, the Administration's assessment of the effectiveness of the LIFA Scheme and whether the Administration should be accountable for the poor response to the Scheme. Mr Michael TIEN said that according to the Administration, \$3 billion would be spent on implementing the LIFA Scheme so that 200 000 eligible low-income families would benefit. Taking the view that \$3 billion might not be sufficient to help all eligible low-income working families, he asked whether the Administration's target was to help 200 000 eligible low-income working families or use the amount earmarked for the LIFA Scheme to help as many eligible families as possible.

25. DS(W)2 responded that the number of families eligible for LIFA was an estimation rather than a target and the sum of \$3 billion was calculated based on the estimated number of beneficiaries. The estimation was based on the income as well as working hours of the families who might be eligible for LIFA. The estimation had limitations as some information, such as assets of these families, was unavailable. Given that a number of factors might affect the application rate of LIFA, the Administration had conducted a survey to gather more data of members of LIFA families. In the upcoming General Household Survey of the Census and Statistics Department ("C&SD"), households who might be eligible but had not applied for LIFA would be asked about the reasons why they had not done so. The Administration would also meet with concern groups to solicit their views on the LIFA Scheme.

Simplifying application procedures for Low-income Working Family Allowance

26. Given that the number of applications received fell short of the Administration's expectation substantially, Mr LEUNG Yiu-chung and Dr Fernando CHEUNG said that the Administration should admit that the LIFA Scheme had failed. Many applicants had reflected that the complicated

application procedures rendered them unwilling to apply for LIFA. Mr LEUNG Yiu-chung and Mr LEUNG Kwok-hung said that many casual workers worked for different employers. Although these workers met the working hour requirements, they were unable to apply for LIFA as some of their employers were unwilling to certify their working hours. The Chairman and Mr LEUNG Yiu-chung said that many LIFA applicants were required to provide supplementary information several times and they found it very troublesome. They suggested that the application form should model on that of the Work Incentive Transport Subsidy Scheme ("WITSS"). The Deputy Chairman said that the application form for LIFA should be simplified and information on how to complete the form should be provided so as to attract more eligible households to apply.

27. DS(W)2 responded that applicants should provide certain information in their application forms to facilitate the Administration's assessments of their eligibility so as to ensure that public money was used properly. To simplify the application procedures, the Working Family and Student Financial Assistance Agency ("WFSFAA") had revised the LIFA application form. The Administration would consider views on the design of the application form and make further adjustments to the form, as appropriate. Head, WFSFAA said that the Administration had made reference to WITSS in designing the forms for LIFA. A form was specifically designed with reference to WITSS to facilitate applicants without proof of working hours to declare their working hours. When applicants were more acquainted with the application procedures in the second and third rounds of applications, the degree of completeness of the application forms submitted by LIFA applicants had increased, thus reducing the need for WFSFAA to ask the applicants to provide supplementary information. In addition, he would personally chair a case conference every two weeks to examine complicated LIFA applications and give a steer on how these cases should be handled.

28. Mr LEUNG Che-cheung said that the application rate of LIFA was disappointing and the poor response to the LIFA Scheme might be due to its user-unfriendly procedures. Many applicants had difficulties in obtaining proof of working hours from their employers. Some applicants felt that they were not respected when they were required to provide supplementary information repeatedly and therefore inclined not to apply for LIFA. The application arrangements should be simplified. Instead of requiring applicants to provide proof of working hours in their applications, the Administration should consider conducting random checks. Head, WFSFAA responded that to facilitate applicants to obtain employers' certification of working hours, a standard template had been included in the application form. He added that the proposed random checks might result in an unsatisfactory situation where a LIFA recipient might be required to reimburse the

Administration overpaid allowances and the Administration had to consider whether fraud was involved.

Relaxing eligibility criteria

29. Mr LEUNG Che-cheung opined that the amount of LIFA should be increased to incentivize more eligible families to apply. DS(W)2 responded that the Administration had adopted a prudent approach in setting the amount of LIFA when the LIFA Scheme was launched as it was uncertain about the impact of the LIFA Scheme on the labour market. For example, whether a higher amount of LIFA would trigger some employers to offer a lower wage and as a result, these employers were in a way subsidized by LIFA. Having implemented the LIFA Scheme for a period of time, the Administration had gathered more information and was in a better position now to review the amount of LIFA. The amount of LIFA would be examined in the policy review of the LIFA Scheme.

30. Mr LEUNG Yiu-chung said that families who worked long hours might earn an income above the LIFA income limits, and those who were unable to work long hours could not meet the working hour requirements. The working hour and income limit requirements had conflicted with the objective of LIFA Scheme which was to encourage self-reliance of low-income working families through employment. The Deputy Chairman, Dr LAU Siu-lai and Mr LEUNG Kwok-hung called on the Administration to relax the working hour requirements so that casual workers could benefit from the LIFA Scheme.

31. Mr LEUNG Yiu-chung said that one-person households should be included in the LIFA Scheme. Dr LAU Siu-lai said that as there was no policy dedicated for singletons, one-person households should also benefit from the LIFA Scheme and the income and asset limits for one-person households should follow those for two-person households.

32. Dr Fernando CHEUNG said that since the LIFA Scheme sought to provide financial assistance for low-income working families who were in poverty, the Child Allowance should not be tied to the applicants' meeting the working hour requirements under the LIFA Scheme. The Administration should relax the eligibility criteria and simplify the application procedures of the LIFA Scheme. The Chairman, the Deputy Chairman, Dr LAU Siu-lai and Mr LEUNG Kwok-hung said that the Child Allowance should be provided for all LIFA households even when the working hour requirements were not met.

33. Mr KWOK Wai-keung expressed concern that the Administration was unable to grasp the reasons for the low application rate of LIFA at this stage.

He said that a LIFA applicant had to work at least 192 hours a month in order to receive the higher Basic Allowance of \$1,000. Assuming an applicant worked eight hours a day, he/she needed to work six days a week in order to receive the higher Basic Allowance. Given that the civil service had already adopted a five-day work week, the working hour thresholds should be set on the basis of a five-day work week and an eight-hour work day.

34. Mr Michael TIEN said that to facilitate applicants in understanding various allowance schemes introduced by the Administration, similar conditions should be set for these schemes. The claim period for applications for LIFA should be relaxed to six to 12 months (i.e. the same as that for WITSS). Given that many low-income working families had considered it unreasonable to aggregate the income but not the hours worked of the entire family and many casual workers from low-income families were unable to meet the working hour requirements under the LIFA Scheme, he suggested that an additional working hour threshold (between 72 hours and 144 hours per month) should be included under the LIFA Scheme and the income limit should be relaxed. Dr LAU Siu-lai said that to help low-income families in poverty, the income limits should be relaxed to allow families with a monthly income not higher than 75% of the Median Monthly Domestic Household Income to receive LIFA. As many family carers who were also breadwinners were unable to work long hours, she called on the Administration to lower the working hour requirements to 72 hours or below a month.

35. DS(W)2 responded that the working hour requirements, income limits, application procedures and inclusion of one-person households in the LIFA Scheme would be covered in the policy review of the LIFA Scheme. In reviewing the working hour requirements and income limits in the policy review, the Administration would take into account views of members and concern groups.

Policy review of Low-income Working Family Allowance Scheme

36. Mr LEUNG Yiu-chung enquired whether the policy review of the LIFA Scheme would be conducted openly and how public views on the LIFA Scheme would be collected during the policy review. DS(W)2 responded that the Administration had been receiving feedbacks and suggestions from concern groups and stakeholders on the LIFA Scheme since its implementation. These views and suggestions would be carefully considered in the policy review. In response to the Chairman's enquiry about who would be responsible for conducting the policy review, DS(W)2 said that the Labour and Welfare Bureau, WFSFAA, Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office and C&SD would be involved in conducting the review.

37. Mr POON Siu-ping called on the Administration to shorten the time required for analyzing the data collected for the policy review so that enhancements to the LIFA Scheme could be implemented earlier. Given that many low-income working families were in dire straits, Dr Fernando CHEUNG urged the Administration to speed up and complete the policy review by the third quarter of 2017. Mr KWOK Wai-keung enquired whether improvement measures for the LIFA Scheme could be implemented by end 2017. DS(W)2 responded that the dedicated survey and the General Household Survey were expected to be completed by June and July 2017 respectively. Time was required to examine the data collected. The Administration also needed to study the financial implications of the suggestions from concern groups and stakeholders. The Administration would endeavor to speed up the process but due to the complexity of the parameters to be considered under the LIFA Scheme, the Administration might not be able to come up with proposals for improving the LIFA Scheme earlier than end 2017. Opining that it had taken the Administration a very short period of time to decide the removal of the absence rule under the LIFA Scheme, the Chairman said that the Administration should complete the policy review as quickly as possible. DS(W)2 responded that unlike the absence rule, working hours, income and asset limits were key parameters of the LIFA Scheme. In view of the comprehensiveness of the policy review, more time would be required for drawing up proposals for improving the Scheme.

(At 12:37 pm, the Chairman extended the meeting for 15 minutes beyond the appointed ending time to allow sufficient time for discussion.)

Support services for applicants for Low-income Working Family Allowance

38. In response to Mr POON Siu-ping's enquiry about the manpower and workload of the Working Family Allowance Office ("WFAO"), Head, WFSFAA said that WFAO was set up under WFSFAA with around 500 staff members. To answer enquiries on the LIFA Scheme, WFAO staff had visited local districts and set up enquiry desks at the ground floor lobbies of various Government Office Buildings and at the Housing Authority ("HKHA") Customer Service Centre at Lok Fu (which had some overlap in the clientele with LIFA). Upon the invitation of NGOs, WFSFAA had conducted briefings or form-filling support service sessions on the LIFA Scheme, some of which were organized after office hours, on Saturdays and Sundays. WFSFAA would continue with the support services through internal staff deployment. The Chairman took the view that the need to deploy WFAO staff to perform tasks other than processing LIFA applications was a result of the poor estimation of the application rate.

39. Noting that the results of around 19 000 LIFA applications had not yet been announced, Mr POON Siu-ping asked whether these applications had been rejected. He also sought information on the number of NGOs which were commissioned to provide form-filling support service for new LIFA applicants and whether these NGOs were provided with resources to perform the task. Mr KWOK Wai-keung said that measures to facilitate applicants to apply for LIFA should be taken at districts with many low-income families and "form-filling days" should be organized on Sundays.

40. Head, WFSFAA responded that some of the 19 000 applications were third-time applications and were being processed. As at 2 June 2017, 4 181 applications were not approved because the applicants failed to meet the working hour requirements, exceeded the income limits or asset limits, breached the absence rule or failed to provide sufficient information, etc. Four NGOs were engaged to provide form-filling support services for new LIFA applicants at various districts between January and May 2017. About 380 new applications were received from these NGOs. On the publicity of the Scheme, in December 2015, WFSFAA began conducting briefing sessions on the LIFA Scheme for social welfare service organizations and ethnic minority ("EM") groups before LIFA was open for applications in May 2016. A total of 34 briefing sessions were conducted between December 2015 and March 2016. Since April 2016, 225 briefing sessions on how to fill in the LIFA application form had been arranged at the 18 districts on Saturdays and Sundays. WFSFAA had responded to 476 support services requests from NGOs between September 2016 and June 2017. LIFA applicants were welcomed to call WFAO's hotline for assistance.

41. The Chairman said that although WFSFAA had arranged several hundred briefing sessions, only around 380 new applications from NGOs were received. In his view, the outreach services of WFSFAA were ineffective. Head, WFSFAA responded that WFSFAA had proactively requested NGOs to refer new LIFA applicants to WFSFAA. As the result was not satisfactory, WFSFAA had stepped up publicity on the LIFA Scheme by setting up enquiry desks at ground floor lobbies of various Government Office buildings and HKHA Customer Service Centre which was open every working day to answer enquiries. Given that quite a number of eligible low-income working families had not yet joined the LIFA Scheme, Mr KWOK Wai-keung urged the Administration to make its best efforts to facilitate these families in applying for LIFA. He suggested that the Panel should hold a meeting to receive deputations' views on the LIFA Scheme in July 2017.

(Post-meeting note: A special meeting to receive deputations' views on "Review of effectiveness of Low-income Working Family Allowance Scheme" was held on 17 July 2017.)

42. Dr Fernando CHEUNG said that according to the studies conducted by the Commission on Poverty on the poverty situation of EMs, although many South Asians (e.g. Nepalese and Pakistani) were in employment, their poverty rate was very high. He enquired how many of the 32 000 households who had applied for LIFA were EM families. Head, WFSFAA responded that as at 2 June 2017, 1 357 applications from 870 EM families had been approved and the amount of LIFA involved was \$17 million. Taking the view that the number of EM families who had received LIFA was small, Dr Fernando CHEUNG said that the Administration should strengthen its outreach services on the LIFA Scheme for EMs. Head, WFSFAA responded that since November 2015, the Administration had reached out to EMs through various channels, e.g. contacting leaders of EM groups via the committees under the Home Affairs Department and NGOs providing dedicated support to EM groups. Through these interactions, WFSFAA came to know of other EM organizations and with their consent, visited their centres to promote the LIFA Scheme before or after their religious rituals. Staff of WFAO would also arrange for the provision of interpretation services to EMs who were interested in applying for LIFA. At Dr Fernando CHEUNG's request, Head, WFSFAA undertook to provide the number of EM families who had received LIFA with a breakdown by their ethnicities.

Admin

(With the consent of all members present, the Chairman extended the meeting at 12:53 pm for five minutes beyond the extended ending time.)

Motions

43. Mr Michael TIEN moved the following motion:

"鑒於低收入在職家庭津貼計劃成效不彰，截至2017年6月，受惠人數僅得11萬多人，與預計的70萬受惠人數相差甚遠，未能有效達至扶貧目的。就此，本委員會要求政府：

- (一) 將申領期限放寬至6-12個月；
- (二) 容許合併計算所有家庭成員的工時；
- (三) 新增一個工時範圍為72小時至144小時；及
- (四) 將入息限制放寬至家庭住戶每月收入中位數的75%或以下。"

(Translation)

"As the Low-income Working Family Allowance Scheme is so ineffective that only 110 000-odd persons benefited from the Scheme as

of June 2017, differing greatly from the estimated number of beneficiaries of 700 000, it has failed to effectively achieve the objective of poverty alleviation. In this connection, this Panel requests the Government to:

- (1) relax the time limit for application to six to 12 months;
- (2) allow working hours of all family members to aggregate;
- (3) include an additional working hour threshold between 72 and 144 hours; and
- (4) relax the income limits to 75% of the median monthly domestic household income or below."

44. The Chairman put the motion to vote. All members present voted for the motion. The Chairman declared that the motion was carried.

45. Mr KWOK Wai-keung moved the following motion:

"鑒於低收入在職家庭津貼("低津")計劃自去年5月實施至今，成效與政策預期有明顯落差，不少低收入家庭仍未參與計劃，本委員會要求政府盡快就低津計劃進行檢討，並積極拆牆鬆綁，包括調整入息限制及工時要求，並簡化申領程序，紓緩在職貧窮。"

(Translation)

"Given that since the implementation of the Low-income Working Family Allowance ("LIFA") Scheme in May last year, its effectiveness falls short of the policy expectation and quite a number of low-income families have not yet joined the Scheme, this Panel requests the Government to expeditiously conduct a review of the LIFA Scheme and proactively remove the barriers, including adjusting the income limits and the working hour requirements as well as simplifying the application procedures, so as to alleviate working poverty."

46. The Chairman put the motion to vote. All members present voted for the motion. The Chairman declared that the motion was carried.

47. Dr LAU Siu-lai moved the following two motions:

Motion 1

"本委員會建議低收入在職家庭津貼計劃增加一人家庭申請，以及一人家庭申請的入息及資產限額跟隨二人家庭計算。"

(Translation)

"This Panel proposes that the Low-income Working Family Allowance Scheme should be extended to cover one-person households, and the income and asset limits for one-person households should follow those for two-person households."

48. The Chairman put the motion to vote. All members present voted for the motion. The Chairman declared that the motion was carried.

Motion 2

"本委員會建議低收入在職家庭津貼計劃下的兒童津貼與工時計算脫鉤，讓所有符合入息要求的低收入家庭兒童都能得到全額兒童津貼。"

(Translation)

"This Panel proposes that the Child Allowance under the Low-income Working Family Allowance Scheme should not be tied to working hours, so that children from low-income families which meet the income requirement can all receive full-rate Child Allowance."

49. The Chairman put the motion to vote. All members present voted for the motion. The Chairman declared that the motion was carried.

V. Any other business

50. There being no other business, the meeting ended at 12:56 pm.

Panel on Welfare Services

Meeting on Monday, 12 June 2017, at 9:30 am

**Transparency of salary and cash allowance
for senior management of social welfare organizations**

Summary of views and concerns expressed by deputations/individuals

No.	Name of deputation / individual	Views
1.	The Civic Party	[LC Paper No. CB(2)1625/16-17(01)]
2.	Mr LEE Chi-yung	<p>[LC Paper No. CB(2)1625/16-17(02)]</p> <ul style="list-style-type: none"> ● Non-governmental organizations ("NGO") receiving Lump Sum Grant ("LSG") subventions should not be allowed to replace salary adjustments by adjustments to allowances.
3.	Community Care and Nursing Home Workers General Union	<p>[LC Paper No. CB(2)1592/16-17(04)]</p> <ul style="list-style-type: none"> ● The Social Welfare Department ("SWD") should study staff turnover, service quality and remuneration of the staff in the top three tiers of NGOs which had kept an LSG reserve exceeding the allowable level.
4.	Social Welfare Organizations Employees Union	<ul style="list-style-type: none"> ● SWD lacked an effective mechanism for safeguarding the remuneration of frontline staff of NGOs. ● SWD should monitor the provision of cash allowances by NGOs and impose a requirement on NGOs that remuneration of their senior management staff should not be higher than that of comparable ranks in the civil service. ● There were loopholes in the existing mechanism for public disclosure of the remuneration of senior management staff of NGOs. The Administration Wing and SWD

No.	Name of deputation / individual	Views
		<p>should review and improve the existing mechanism.</p>
5.	Miss Suki TSOI Yui-chi	<ul style="list-style-type: none"> ● SWD should make public the remuneration of senior management staff of NGOs. ● The Administration should provide information on the remuneration of frontline staff of NGOs and that of comparable ranks in the civil service for the public to compare.
6.	Public-Funded Organization Unions Committee, Hong Kong Confederation of Trade Unions	<p>[LC Paper No. CB(2)1621/16-17(01)]</p> <ul style="list-style-type: none"> ● SWD should require all NGOs to disclose the remuneration of staff in the top three tiers. ● SWD should take concrete actions to penalize NGOs which failed to comply with the guidelines promulgated by the Administration Wing in 2003.
7.	The Hong Kong Council of Social Service	<p>[LC Paper No. CB(2)1592/16-17(03)]</p> <ul style="list-style-type: none"> ● NGOs did not have a mechanism for bonus payment. ● Manpower size of the welfare sector had been increased from around 30 000 to around 60 000 since the implementation of the Lump Sum Grant Subvention System ("LSGSS"). This had reflected that many NGOs had recruited more staff.
8.	Mr Cliff CHOI	<p>[LC Paper No. CB(2)1592/16-17(03)]</p> <ul style="list-style-type: none"> ● Views of stakeholders should be collected during the review of LSGSS so as to enhance service quality of NGOs.
9.	Social Welfare Concern Group	<p>[LC Paper No. CB(2)1592/16-17(02)]</p> <ul style="list-style-type: none"> ● NGOs should also disclose the remuneration of their staff in the lowest three tiers.

Council Business Division 2
Legislative Council Secretariat
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